DEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine Commission's Future Energy Efficiency Policies, Administration and Programs Rulemaking 01-08-028 (Filed August 23, 2001)

RESPONSE TO ALJ THOMAS'S RULING OF 6/17/2002 REGARDING EVALUATION, MEASUREMENT AND VERIFICATION OF LOCAL ENERGY EFFICIENCY PROGRAMS

EM&V Contractor Selection for XENERGY's Comprehensive Compressed Air Program (202AB-02) and the Energy Efficient Local Government Partners Program (144AB02)

JULY 2, 2002

Submitted by:

Rich Barnes XENERGY, Inc. 492 Ninth Street, Suite 220 Oakland, CA 94607 Tel. (510) 891-0446 Fax. (510) 891-0440

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1 INTRODUCTION

In reference to the Judge Thomas' ruling on June 17, 2002 regarding evaluation, measurement and verification (EM&V) of third party local energy efficiency programs, XENERGY respectfully submits our list of preferred EM&V contractors for the EEGOV Program (144AB-02) and the Comprehensive Compressed Air Program (202AB-02).

2 RECOMMENDED EM&V CONTRACTORS

XENERGY nominates the following firms to conduct the local program evaluation of the EEGOV Program and the Comprehensive Compressed Air Program. Each of the recommended firms has extensive EM&V project experience and is fully qualified for the scope of work as it pertains to the EEGOV and the Comprehensive Compressed Air Programs.

1. Nexant, Inc.

1333 Broadway, Suite 1015

Oakland, CA 94612 Contact: Steve Schiller

Telephone: (510) 444-6500

2. Energy and Environmental Economics, Inc.

353 Sacramento Street Suite 1700

San Francisco, California 94111

Contact: Ren Orens

Telephone: (415) 391-5100

3. KW Engineering

360 17th Street, Suite 100

Oakland, CA 94610

Contact: Jim Kelsey

4. Telephone: (510) 834-6420Quantec

6229 SE Milwaukie Avenue

Portland, OR 97202

Contact: M. Sami Khawaja, Ph.D.

Phone: 503-228-2992

3 CONTRACTOR INDEPENDENCE

XENERGY operates completely independently from the above EM&V firms. There are no financial, contractual or other mechanisms whereby the companies could influence each other with regard to the integrity of the EM&V process.

4 Past Work by Contractor for Recipient

Work done by each recommended EM&V Contractor is listed below.

4.1 Nexant, Inc.

Nexant is currently a subcontractor to XENERGY on the Demand Response Guidebook Project. This work is currently being performed for the California Energy Commission.

4.2 Energy and Environmental Economics, Inc.

There are no previous business relationships between XENERGY and Energy and Environmental Economics.

4.3 KW Engineering

KW Engineering worked as a subcontractor to XENERGY on the Industrial Impact Evaluation Study for PG&E in 1998-99.

4.4 Quantec

XENERGY is currently a subcontractor to Quantec on the Evaluation of the Northwest Energy Efficiency Alliance's MagnaDrive Program. This contract was awarded in the summer of 2000 and consists of a series of annual Market Progress Evaluation Reports. The project is ongoing.

5 FACTORS THAT WOULD LEAD TO A QUESTION OF INDEPENDENCE

XENERGY knows of no factors that would lead a reasonable person to question whether any of our recommended EM&V Contractors are independent from XENERGY. Each recommended EM&V Contractor is fully capable of providing an independent analysis of our EEGOV and Comprehensive Compressed Air Programs.

6 FACTORS THAT COULD LEAD THE COMMISSION TO NOT SELECT THIS CONTRACTOR

XENERGY knows of no reason why the Commission would NOT select any of our recommended EM&V Contractors. XENERGY is aware of no issues such as outstanding tax liens, bankruptcy proceedings, civil or criminal litigation, or other circumstances that would prevent their selection as an independent EM&V Contractor.

SIGNATURE PAGE

I, Richard S. Barnes, certify that I have read this document and know its contents; that to the best of my knowledge, information, and belief, formed after reasonable inquiry, the facts are true as stated; that any legal contentions are warranted by existing law or a good-faith argument for the extension, modification, or reversal of existing law; that the document is not tendered for any improper purpose; and that I have full power and authority to sign this document.

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July 2, 2002

CERTIFICATE OF SERVICE

I certify that, in accordance with the Commission's Rules of Practice and Procedure, I have this day served a copy of Response to ALJ Thomas's Ruling of 6/17/2002 Regarding Evaluation, Measurement and Verification of Local Energy Efficiency Programs, EM&V Contractor Selection for XENERGY's Comprehensive Compressed Air Program (202AB-02) and the Energy Efficient Local Government Partners Program (144AB02) on all parties identified on the attached service list. Service was effected by one or more means as indicated below:

- Placing the copies in properly addressed sealed envelopes and depositing such envelopes in the United States mail with first-class postage (via first class mail);
- Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand to the office of each addressee (via courier);
- Transmitting the copies via facsimile, modem, or other electronic means (via electronic means).

Executed this 2nd day of July 2002, at Oakland, California.

Richard S. Barnes

Senior Vice President of Implementation

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SERVICE LIST

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